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Message Text

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44
ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 DOTE-00 SS-20 NSC-10 L-03

H-03 OC-06 CCO-00 DRC-01 /100 W
---------- 016856
R 041218Z JAN 74
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 6787
INFO AME BASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE

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E.O. 11652: N/A
TAGS: ETRN
SUBJ: CIVAIR - AIR CARGO RATES

1. AS DEPARTMENT AWARE, UK AND SEVERAL OTHER EUROPEAN GOVERNMENTS HAVE WITHHELD APPROVAL OF SIX PERCENT FUEL SURCHARGE COMPONENT OF IATA CARGO RATE AGREEMENT. ACCORDING AIRLINE SOURCES HERE, OTHER EUROPEAN GOVERNMENTS DO NOT FEEL STRONGLY ABOUT IATA RATE PROPOSAL BUT PREPARED, GENERALLY, TO FOLLOW UK'S LEAD EITHER IN ACCEPTING CURRENT PROPOSAL OR AGREEING TO ANY REASONABLE ALTERNATIVE PROPOSAL THAT UKG WOULD CONSIDER APPROPRIATE.

2. ACCORDING TO CAA (BONNEY), UK DOES NOT LIKE IATA PROPOSAL BECAUSE WHILE IT PROVIDES FOR SIX PERCENT INCREASE IN BASIC RATE, INCREASE IS CONSIDERABLY HIGHER WITH RESPECT TO CERTAIN PROMOTIONAL RATES--IN SOME INSTANCES IN EXCESS OF 15 PERCENT. AS RESULT, OVERALL
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REVENUE INCREASE TO CARRIERS WOULD PROBABLY BE IN

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RANGE OF 10-12 PERCENT. BONNEY MAINTAINS DIFFERENTIAL RATE INCREASES NOT JUSTIFIED AND WOULD DISTORT FORMER CARGO RATE PATTERNS. ACCORDING TO BONNEY, IATA PROPOSAL HAS AROUSED STIFF OPPOSITION AMONG BRITISH EXPORTER INTERESTS.

3. CAA HAS BEEN UNDER PRESSURE FROM BRITISH AIRLINES, HOWEVER, TO PROVIDE IATA CARRIERS SOME RELIEF FOR INCREASED FUEL COSTS. IN RESPONSE TO THIS PRESSURE FOR "QUICK ANSWER," BONNEY TELLS US CAA PLANS NOTIFY IATA (THROUGH ECAC) THAT UK WILL AGREE TO AN ACROSS-THE-BOARD SIX PERCENT INCREASE THAT WOULD APPLY EVENLY TO ALL CARGO RATES WITH SUCH AN INCREASE TO BE INPLEMENTED AS QUICKLY AS POSSIBLE. BONNEY RECOGNIZES THAT, FROM AIRLINES' STANDPOINT, THIS COMPROMISE PROPOSAL NOT COMPLETELY SATISFACTORY BUT HE EXPECTS CARRIERS WILL HAVE TO COME BACK TO GOVERNMENTS AGAIN IN NEAR FUTURE FOR APPROVAL OF ADDITIONAL FUEL SURCHARGE AND WHEN THEY DO SO TBEY CAN PUT FORWARD A MORE SATISFACTORY CARGO RATE FORMULA FOR CONSIDERATION BY GOVERNMENTS.

SOHM

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Message Attributes

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Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
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